

02.0225

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D/B/A CINERGY NETWORKS

JOHN C. GREENBANK

**Q. Will you please state your name and business address.**

A. My name is John C. Greenbank. My business address is 1419 W. Lloyd Expressway, Suite 100, Evansville, Indiana 47710. My telephone number is (812) 464-8964 extension 1205 and facsimile number (812) 456-4731.

**Q. By whom are you employed and in what capacity?**

A. In my current capacity, I am President at Kentucky Data Link, Inc. d/b/a Cinergy Networks ("KDL").

**Q. Please give a brief description of your background and experience.**

A. I have over nineteen (19) years of experience within the telecommunications industry. During my first ten (10) years within the industry, I worked as an applications engineer with Sound Engineering and Design Company, of Springfield, Missouri, and as a senior applications engineer for American Telephone Distributors, located in Kansas City, Missouri. In 1992, I was hired by CSI Corporation, a Kansas City interconnect company, as President. From there I became Vice-President of KDL. In 1999, I became President of KDL, which is the position I currently hold. I am a shareholder with Q-Comm Corporation, a privately held Nevada corporation, which is a holding company of KDL, as well as Cinergy Communications Company, Cinergy Telecommunication Networks-Indiana, Inc., Cinergy Telecommunication Networks-Ohio, Inc., and QCC, Inc. My focus at KDL is to oversee the operations, product development, customer service, telecommunications training, and general management of the company as a whole. I have also served as consultant to Digital Telecommunications Inc. of Jackson, Tennessee, a switch manufacturer.

**Q. What is the purpose of your testimony?**

A. This testimony has been filed to answer the question for this Commission as to whether KDL is technically, financially, and managerially capable to provide the services it proposes in Illinois.

**Q. Has KDL registered to do business in Illinois?**

A. Yes. KDL has authorization to conduct business in Illinois. A copy of the certificate is attached to our application in Attachment I.

**Q. Describe KDL's experience in the telecommunications business.**

A. KDL is a rapidly growing telecommunications carrier providing dedicated (non-switched) high-capacity circuits to other certificated carriers and to business customers. The company has been operating for twelve (12) years in Kentucky and is also currently operating in Indiana, Tennessee, and Ohio. The Company has a strong managerial ability and experience in the telecommunications industry that will allow it to be a successful facilities-based local exchange and interexchange service provider.

**Q. Where is KDL currently certificated?**

A. KDL is currently certificated in Indiana, Kentucky, and Tennessee to provide facilities-based interexchange services. KDL is concurrently, with this application, applying for certification as a facilities-based local exchange service provider in the state of Indiana. KDL affiliate, QCC, Inc. is currently certificated in over thirty-five (35) states as an interexchange service provider and in Kansas and Missouri as a facilities-based local exchange service provide. KDL affiliate, Cinergy Communications Company is certificated in Indiana, Kentucky, and Tennessee as a facilities-based interexchange and local exchange service provider. KDL affiliate, Cinergy Telecommunication

Networks-Ohio, Inc. is certificated in Ohio as a facilities-based interexchange and local exchange service provider.

**Q. Where in Illinois does KDL intend to offer its local services?**

A. By its application, KDL is seeking statewide authority to provide dedicated facilities (non-switched) to certificated carriers in Illinois and to business customers.

**Q. Please describe the services KDL proposes to offer.**

A. KDL will provide leased capacity along its fiber optic network in Illinois to interexchange carriers ("IXCs"), competitive access providers ("CAPs"), cable television providers, and competitive local exchange companies ("CLECs"). KDL proposes to offer high speed data services from DS1 to OC48 circuits. Service will be available on a contract basis only for specified term periods. The Company offers its services 24 hours a day, 7 days per week. The Company has a strong managerial and technical staff, combined with many years of direct operational telecommunications experience. Profiles of key management staff are provided in the Company's Application as Exhibit 2.

**Q. Describe the proposed KDL Illinois tariff.**

A. KDL's tariff describes the company's rules and regulations, services and rates of dedicated (non-switched) services offered to business Customers. The company's initial data service offerings are described in the tariff.

**Q. Does KDL own any network switches or transmission facilities used in routing calls?**

A. Yes.

**Q. How will KDL bill for its services?**

A. KDL intends to bill its customers directly, using its in-house billing systems. Our name will appear on the bill and the bill will contain our toll free number for inquiries.

**Q. How are billing errors, complaints and trouble reports handled?**

A. KDL customers may contact the Company via its Toll Free telephone number, 1-877-700-4535, for billing inquiries and questions. The Customer Service Department is staffed twenty-four hours a day, seven days per week to assist customers.

**Q. How will KDL effect repairs for local service?**

A. KDL will provide repair services using its own agents or through agents contracted for with the incumbent local exchange carrier or an independent third-party contractor.

**Q. Does KDL have a contact person that will work with the Illinois Consumer Services Division for customer complaint resolution?**

A. Yes, Anthony J. Candelario at KDL, 8829 Bond Street, Overland Park, Kansas 66214 is the contact person for the Illinois Consumer Services Division. His telephone number is (913) 492-1230 extension 5183; Facsimile number is (913) 492-1684; and email address is [tonyc@kdline.com](mailto:tonyc@kdline.com).

**Q. Does your Company have a sample Customer bill or disconnect final notice that is in compliance with Illinois Administrative Code Part 772.55?**

A. Yes. A sample customer bill that will be disseminated to Illinois customers is attached hereto. This billing statement is in compliance with the Illinois Administrative Code.

**Q. Is the Company aware of the area code splits and Ameritech's role as number administrator?**

A. Yes.

**Q. Will KDL assist Ameritech in its role by providing timely and accurate forecasts of its customers' demand?**

A. Yes, KDL will reply to these requests in a timely and accurate manner.

**Q. Has KDL begun negotiations with incumbent LECs in Illinois?**

A. Yes.

**Q. Will your tariff include 9-1-1 service?**

A. No. KDL does not have plans at this time to offer 9-1-1 service facilities or databases to county or emergency service personnel. KDL plans only to offer dedicated (non-switched) services via dedicated non-switched circuits at this time. If necessary to remain in compliance with Illinois regulations in the future, KDL will collect 9-1-1 surcharges as ordered and will remit those surcharges to the appropriate agencies.

**Q. Is your Company prepared to handle 9-1-1 service pursuant to the Emergency Telephone Systems Act, 83 Illinois Administrative Code Part 725?**

A. Yes, to the extent KDL offers switched voice services in the future. KDL plans only to offer dedicated (non-switched) services via dedicated non-switched circuits at this time.

**Q. Will your Company file a tariff for all services and charges associated with 9-1-1, if any?**

A. Yes, to the extent KDL offers switched voice services in the future. KDL plans only to offer dedicated (non-switched) services via dedicated non-switched circuits at this time.

**Q. Who will be responsible for building and maintaining the 9-1-1 database for your customers? How often will updates be performed on the 9-1-1 database?**

A. KDL will not maintain or update the 9-1-1 database for its local exchange customers as KDL does not offer switched voice services. The customer's local exchange carrier for voice services will maintain and update the 9-1-1 database for KDL's local exchange customers.

**Q. Does your Company have procedures for the transitioning of 9-1-1 surcharge collection and disbursement to the local 9-1-1 system?**

A. KDL does not have procedures in place but will develop appropriate procedures prior to providing voice services in the state. KDL will collect and remit all surcharges required by the state.

**Q. Will your Company's customers receive the same quality of 9-1-1 service that is currently offered from the incumbent LECs?**

A. Since KDL does not offer switched voice services, the quality of 9-1-1 service KDL's customers receive will be what is provided by the customer's local exchange carrier for voice services.

**Q. Will you be able to meet the requirement under section 725.500, 0. for call boxes?**

A. KDL does not anticipate engineering 911 systems and, therefore, does not plan to implement call boxes as anticipated by Section 725.500,0. KDL will coordinate with the local 911 system

provider(s) for emergency call routing in the event the central office is isolated from the control office or selective router.

**Q. Describe KDL's financial ability to operate as a telecommunications provider.**

A. KDL has sufficient financial resources to provide the requested telecommunication services in Illinois, the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations.

The Company has established a strong team to support its venture into the telecommunications market. KDL has managerial ability and experience in the telecommunications industry that will allow it to be a successful competitive local exchange and toll provider. Financial information was provided in Attachment IV of the company's application.

**Q. How will KDL collect and remit appropriate taxes in Illinois?**

A. The company does subscribe to the necessary tax programs and databases to track the current tax rate for all jurisdictions in which KDL customers reside. The taxes collected by the company will be remitted to the correct taxing authorities. Our accounting system will provide sufficiently detailed data for preparation of the Illinois Gross Receipts Tax returns.

**Q. Will the Company collect and remit the ITAC line charge from all telephone subscribers for the TTY Equipment Loan Program and Telecommunications Relay Service?**

A. Yes, KDL will collect the ITAC line charge from subscribers required to support ITAC and will coordinate with the ILEC to remit the charge. If KDL has a subscriber eligible for ITAC benefits, KDL will coordinate with the ILEC for the provision of the service.



**Q. Will the company meet the requirements of Section 13-703 of the Public Utilities Act?**

A. The company will comply with any program designed and implemented by the Commission to provide telecommunications devices to the deaf and hearing impaired.

**Q. Has the company ever provided service under any other name?**

A. No.

**Q. How do you plan to solicit customers?**

A. KDL will utilize a direct sales force and direct marketing aimed at other certificated carriers and business customers with needs for dedicated (non-switched) services. The company will not engage in telemarketing to solicit customers.

**Q. Please provide a copy of your company's written guidelines to prevent unauthorized "slamming" of local exchange customers.**

A. Consistent with federal and state regulations governing primary carrier changes, KDL's policy is to obtain a written Letter of Agency from each customer prior to switching the customer to KDL's services. KDL's LOA, as drafted, incorporates all of the FCC requirements for carrier changes and requires actual execution by the customer approving the change. Our written policy is attached to this testimony as Exhibit A.

**Q. Will the Company sign and return to the Universal Telephone Assistance Corporation (UTAC) all of the necessary membership forms in a timely manner? And will the Company solicit, collect and remit to UTAC the voluntary contributions collected monthly from its telephone subscribers to support the Universal Telephone Service Assistance Program (UTSAP)?**

A. Yes. As required by the Commission, KDL will return to the Universal Telephone Assistance Corporation (UTAC) all the necessary membership forms by the date required. In addition, KDL will implement the necessary procedures for solicitation, collection and remittance of contributions collected from subscribers to support the Universal Telephone Service Assistance Programs.

**Q. Will the Company sign and return membership forms to the Universal Telephone Assistance Corporation and the Illinois Telecommunications Access Corporation?**

A. Yes. KDL will sign and return membership forms to the Universal Telephone Assistance Corporation and the Illinois Telecommunications Access Corporation.

**Q. Will KDL comply with Sections 13-301 and 13-301.1 of the Public Utilities Act regarding the Lifeline Program and with 83 Illinois Administrative Code Part 757 regarding Telephone Assistance Programs?**

A. KDL does not have plans to offer any switched voice services, but will comply with the above-mentioned sections of the Public Utilities Act and the Illinois Administrative Code should KDL expand its telecom offerings in the future.

**Q. Why is KDL seeking a waiver from the Uniform System of Accounts?**

A. The company currently maintains its books and records according to GAAP (Generally Accepted Accounting Principles). KDL requests the waiver to avoid maintaining two sets of books. Our chart of accounts is attached as Exhibit B of this testimony.

**Q. Will your company be prepared to comply with applicable parts of Illinois Administrative Code Parts 720, 725, 735, 755, 756, 757 and 772?**

A. The Company has obtained copies of these rules and will comply with those parts applicable to local exchange carriers by providing the services directly or by contracting for service from the incumbent local exchange carrier. The company does not plan to offer billing and collection to information service providers at this time, but may choose to do so in the future in accordance with 83 Illinois Administrative Code 772. Pay-per-call services that are billed under this code will include a separate heading identifying the pay-per-call service charges. Any final notice sent pursuant to 82 Ill. Adm. Code 735 to a subscriber that includes pay-per-call charges would have surcharges segregated from the amounts the subscriber must pay to avoid disconnection. Further, the final notice will state that only non-pay-per-call amounts must be paid to avoid disconnection (Section 772.110 d).

**Q. Have any formal complaints or judgments been levied against the company?**

A. No, the Company has not been involved in any formal customer complaints.

**Q. How will Illinois consumers benefit from KDL's services?**

A. Certification of KDL as a facilities-based provider of local and interexchange services will increase the level of competition in Illinois. KDL proposes to offer quality services at competitive prices. The use of facilities will only enhance the company's ability to provide innovative, high

quality telecommunications services to Illinois consumers. In addition, KDL's marketing plan will expand subscriber awareness of options and services available to them, thus encouraging the growth and success of competitive services.

**Q. Does this conclude your testimony?**

**A. Yes.**

# Kentucky Data Link

8829 Bond Street  
Overland Park, KS 66210  
Tel 877-700-4535  
Fax 800-999-5401

# INVOICE

Date: 03/04/02 Inv: XXXX  
Due Date: 04/03/02 Page No.: 1

Customer Number: XXXXXX

KDL Customer  
Attn: Accounts Payable  
123 Any Street  
Sometown, KY 42001

Please send remittance to:

Kentucky Data Link  
Accounts Receivable  
P.O. Box 19088  
Overland Park, KS 66285-0888

SHIP VIA	FOB	TERMS	YOUR #	OUR #	SALES REP
		Net 30 Days			

DESCRIPTION	QUANTITY	UNIT PRICE	EXTENDED AMOUNT
EXAMPLE			

To ensure proper posting of your payment, please  
Write your customer number on your check and  
Include the top portion of this invoice.

SUB-TOTAL	
TAX	
TOTAL	
NET TO PAY	

**EXHIBIT A**

KENTUCKY DATA LINK, INC.

D/B/A CINERGY NETWORKS

Customer Change Policy Statement

KENTUCKY DATA LINK, INC.

D/B/A CINERGY NETWORKS

**EXHIBIT A**

Customer Change Policy Statement

Slamming is defined as the unauthorized change in a customer's telephone exchange service or long distance service provider. In accordance with Section 258 of the Telecommunications Act of 1996, "a change in a subscriber's selection of a provider of telephone exchange service or telephone toll service except in accordance with such verification procedures as the Commission shall prescribe" is prohibited. This section of the Act also allows State Commissions to enforce procedures for services under their jurisdiction. The FCC, in response to the provisions of Section 258, initiated a Further Notice of Proposed Rulemaking and Memorandum Opinion and Order on Reconsideration in Docket 94-129. In that proceeding the FCC proposes to amend its Part 64 rules to include not only slamming of long distance, but also local exchange services. These rules, in conjunction with any state Commission requirements, should provide the basis to avoid slamming by any LEC.

Kentucky Data Link, Inc. d/b/a Cinergy Networks will clearly abide by these rules and will incorporate the specific requirements into its operational processes. Further, the company will make it clear to its employees and third party agents (if any are utilized) that it will not tolerate any forms of customer acquisition that involve slamming practices.

**EXHIBIT B**

KENTUCKY DATA LINK, INC.

D/B/A CINERGY NETWORKS

Chart of Accounts



## Chart of Accounts

The following is a listing of accounts to be used for coding invoices for payment. For each section (Balance Sheet, Revenue, Cost of Sales, General Expenses) there is a different configuration in the size of account number. Please pay close attention to the structure of the account number as it plays a critical role in the classification of the invoice. Please make sure that each invoice submitted for payment has the proper account number, amount to be paid and approval signature. Clearly written numbers increase the likelihood that the expense will be coded correctly and the proper amount will be paid.

### Balance Sheet

For all balance sheet accounts the account number structure is as follows; a three-digit number identifies the company to be used followed by a five-digit number identifying the actual account. **Exception – Use a business type for fixed assets that are acquired to service our lines of businesses. Also use location codes if indicated in the description of the balance sheet accounts.**

<b>Company</b>	<b>Account Number</b>
001 Q-Comm Corporation	XXXXX
002 Community Telephone Corporation	
003 QCC, Inc.	
004 Kentucky Data Link, Inc.	
005 Earthcall Communications Corporation	

**Example 1:** Kentucky Data Link, Inc. just purchased a Dell Computer for the fiber department \$3200.00. The proper account number would be 004-16300-00-000-000.

**Example 2:** Community Telephone purchased a Cisco Router required to provide local service that will be placed on our customer's premise. The proper account number would be 002-16060-00-013-000.

**Revenue (40000-49999)**

For all revenue accounts the account structure is as follows: a three-digit company code, followed by a five-digit account code, followed by a two-digit department code, followed by a three-digit business type, finished with a three-digit location code.

**Note 1.** For revenue the department code would be 00.

**Note 2.** Location codes are for the Field Service business types **710-750 ONLY**.

**Example 1:** A new phone system is sold to ABC Company in Evansville, IN for \$2,000.00. The proper account number would be 002-49200-00-710-002

**Example 2:** A personal dialup account is sold to ABC Company in Evansville, IN. The proper account number would be 002-44150-00-611-000.

Company Code	Account #	Department	Business Type	Location
001 Q-Comm	XXXXX	00 None	010 Local - Resale - Commercial	000 None
002 Cinergy Communications	XXXXX		011 Local - Resale - Residential	001 Paducah-Field Services <b>ONLY</b>
003 QCC	XXXXX		012 Local - Wholesale	002 Evansville-Field Services <b>ONLY</b>
004 KDL/Cinergy	XXXXX		013 Local - Facility - Commercial	003 Bowling Green-Field Services <b>ONLY</b>
			014 Super Link - Commercial	012 Clarksville-Field Services <b>ONLY</b>
			110 One Plus Switched - Commercial	
			111 One Plus Dedicated - Commercial	
			112 One Plus Residential	
			113 One Plus Switched - Wholesale	
			114 One Plus Dedicated - Wholesale	
			115 Private Line - Commercial	
			116 One Plus Box	
			117 One Plus Hotel	
			118 Fiber - On Net	
			119 Internet Telephony - Commercial	
			120 Internet Telephony - Residential	
			210 800 Service Switched - Commercial	
			211 800 Service Dedicated - Commercial	
			212 800 Service Residential	
			213 800 Service Switched - Wholesale	
			214 800 Service Dedicated - Wholesale	
			218 Fiber - Off Net	
			225 Fiber - CTN	
			308 Travel Card - Residential	
			309 Travel Card - Wholesale	
			310 Travel Card - Commercial	
			311 Card Comm	
			312 Debit Card	
			410 Paging	
			411 Voice Mail	
			510 Zero Plus	
			610 Internet Services - Commercial	
			611 Internet Services - Residential	
			612 Internet Carrierside Infrastructure	
			613 Technology Consulting	
			710 Field Services - New Equipment	
			720 Field Services - Repair Service	
			730 Field Services - Moves, Adds, Changes	
			740 Field Services - Maintenance Contracts	
			750 Intercompany	

**Cost of Sales (50000-59999)**

For all cost of sale accounts the account structure is as follows: a three-digit company code, followed by a five-digit account code, followed by a two-digit department code, followed by a three-digit business type, finished with a three-digit location code.

**Note 1.** For cost of sales the department code would be 00.

**Note 2.** Location codes are for the Field Service business types **710-750 ONLY**.

**Note 3.** Any equipment purchased that is **NOT** for resale and is **GREATER** than \$2,000 should be coded as a fixed asset (See Balance Sheet).

**Example 1:** A new phone system is sold to ABC Company in Evansville, IN and the cost of the equipment is \$2,000.00. The proper account number would be 002-54300-00-710-002.

**Example 2:** Additional equipment **LESS** than \$2000 is purchased on completed fiber routes. The proper account number would be 004-54300-00-118-000.

Company Code	Account #	Department	Business Type	Location
001 Q-Comm	XXXXX	00 None	010 Local - Resale - Commercial	000 None
002 Cinergy Communications	XXXXX		011 Local - Resale - Residential	001 Paducah-Field Services <b>ONLY</b>
003 QCC	XXXXX		012 Local - Wholesale	002 Evansville-Field Services <b>ONLY</b>
004 KDL/Cinergy	XXXXX		013 Local - Facility - Commercial	003 Bowling Green-Field Services <b>ONLY</b>
			014 Super Link - Commercial	012 Clarksville-Field Services <b>ONLY</b>
			110 One Plus Switched - Commercial	
			111 One Plus Dedicated - Commercial	
			112 One Plus Residential	
			113 One Plus Switched - Wholesale	
			114 One Plus Dedicated - Wholesale	
			115 Private Line - Commercial	
			116 One Plus Box	
			117 One Plus Hotel	
			118 Fiber - On Net	
			119 Internet Telephony - Commercial	
			120 Internet Telephony - Residential	
			210 800 Service Switched - Commercial	
			211 800 Service Dedicated - Commercial	
			212 800 Service Residential	
			213 800 Service Switched - Wholesale	
			214 800 Service Dedicated - Wholesale	
			218 Fiber - Off Net	
			225 Fiber - CTN	
			308 Travel Card - Residential	
			309 Travel Card - Wholesale	
			310 Travel Card - Commercial	
			311 Card Comm	
			312 Debit Card	
			410 Paging	
			411 Voice Mail	
			510 Zero Plus	
			610 Internet Services - Commercial	
			611 Internet Services - Residential	
			612 Internet Carrierside Infrastructure	
			613 Technology Consulting	
			<b>710 Field Services - New Equipment</b>	
			<b>720 Field Services - Repair Service</b>	
			<b>730 Field Services - Moves, Adds, Changes</b>	
			<b>740 Field Services - Maintenance Contracts</b>	
			<b>750 Intercompany</b>	

**General and Administrative Expenses (60000-69999)**

For all general and administrative costs the account structure is as follows: a three-digit company code, followed by a five-digit account code, followed by a two-digit department code, followed by a three-digit business type, finished with a three-digit location code.

**Note 1.** For general and administrative expenses the business type would be 000.

**Note 2.** Location codes are for the Field Service department code 07 ONLY.

**Example 1:** Qcc bought a calculator for the customer service department. The account number would be 003-67000-04-000-000.

**Example 2:** Community Telephone bought a test kit for Evansville field services. The account number would be 002-67200-07-000-002.

Company		Account #	Department	Business Type	Location
001	Q-Comm	XXXXX	01 Administration	000 None	000 None
002	Cinergy Communications	XXXXX	02 Accounting		001 Paducah-Field Services ONLY
003	QCC	XXXXX	03 Legal		002 Evansville-Field Services ONLY
004	KDL	XXXXX	04 Customer Service		003 Bowling Green-Field Services ONLY
			06 Provisioning		012 Clarksville-Field Services ONLY
			07 Field Services - Use location code		
			08 Fiber		
			09 Marketing		
			10 Help Desk		
			12 Collections		
			14 Switch Support		
			15 Account Manager		
			16 Sales		
			17 Billing		
			18 Facilities		
			23 Network Support		
			24 MIS		
			25 Access Systems		
			26 Consulting		
			27 Network Engineering		
			28 Residential Product Development		
			29 Commerical Product Development		
			30 Special Projects		
			31 Network Operations		
			32 Cost Recovery		
			36 Project Management		
			37 Operations		
			40 Tax		
			41 Internal Audit		

## **Assets (10000-19999)**

- 11705 **Accounts Receivable Accrued** – This account is to be used for accruing revenue earned but not billed by month end.
- 11520 **Accounts Receivable DAC Easy** – This account is to be used for recording all billings done out of the DAC Easy software package.
- 11500 **Accounts Receivable Direct Billing** – This account is to be used to record activity produced by RUDD, FoxPro, and BillPlex billing system.
- 11510 **Accounts Receivable Fiber** – This account is to be used for recording all fiber billings.
- 11707 **Accounts receivable Officers** – This account is to be used to record receivables from officers.
- 11700 **Accounts Receivable Other** – This account is to be used for recording all general receivables such as associate loans, cobra billings and other billings.
- 11530 **Accounts Receivable Wholesale** – This account is to be used for recording reseller receivables.
- 11600 **Accounts Receivable ZPDI** – This account is to be used for recording ZPDI receivables.
- 17800 **Accumulated Depreciation Airplane**
- 17300 **Accumulated Depreciation Computer Equipment**
- 17060 **Accumulated Depreciation Facility Based Customer Premise Equipment**
- 17200 **Accumulated Depreciation Fiber Lines**
- 17500 **Accumulated Depreciation Leasehold Improvements**
- 17100 **Accumulated Depreciation Microwave Towers**
- 17400 **Accumulated Depreciation Office equipment**
- 17600 **Accumulated Depreciation Real Estate and Buildings**
- 17310 **Accumulated Depreciation Software**
- 17000 **Accumulated Depreciation Switch**
- 17050 **Accumulated Depreciation Transmission Equipment**
- 17700 **Accumulated Depreciation Vehicles**
- 16800 **Airplane** – This account is to be used for recording the Company airplane.
- 11901 **Allowance for Doubtful Accounts** – This account is to be used to record estimates of potential bad debt.
- 11903 **Allowance for ZPDI Refunds/Rejects** – This account is to be used to record estimates of potential bad debt.
- 11760 **Associate Advances** – This account is to be used to record advances made to associates.
- 10200 **Cafeteria Plan Checking** – This account is to be used for recording all cafeteria checking activity.
- 10100 **Checking** – This account is to be used for recording of all checking account activity.
- 16300 **Computer Equipment** – This account is to be used to record computer equipment, printers and other computer related hardware.

- 16900 Construction In Progress** – This account is to be used for recording all projects where expenditures crossover the end of a month before the asset can be put into service. **For Community Telephone, location codes are required as well as an analysis (job) code. Contact accounting for analysis code.**
- 11704 Customer Overpayments** – This account is to record refunds of overpayments made by customers.
- 10307 Dealer Reserve Account** – This account is to be used to record reserves for loans outstanding with Citizens Bank in Paducah.
- 15500 Deferred Income Taxes** – This account is to be used to record deferred income tax receivables. The Tax Manager should approve entries to this account.
- 10301 Depository Account** – This account is to be used for recording depository activity at each of the locations. **Location code is required.**
- 10302 Depository Account** – This account is to be used to record Integra as well as Farmers & Merchants depository activity. **Location code is required.**
- 10304 Depository Account Bankcards** – This account is to be used for recording credit card activity for Paducah.
- 10300 Depository Acquisition** – This account is to be used to record newly acquired company's bank balance.
- 18000 Deposits** – This account is to be used for deposits made with selected vendors.
- 11703 Due from Associate – Phone** – This account is used to record phone charges incurred by associates.
- 11750 Due from Credit Card** – This account is to be used to record bankcard activity only.
- 16060 Facility Based Customer Premise Equipment** – Facility based equipment located on customer's premise.
- 16200 Fiber Lines** – This account is to be used to record additional fiber lines.
- 18050 Holding account** – This account is to be used for items that are unusual and will get reversed in the near future.
- 15000 Investment In Subsidiaries** – This account is to be used for original investments in subsidiary companies.
- 16500 Leasehold Improvements** – This account is to be used to record tenant finishes to leased property. The Tax Manager must approve all entries to this account.
- 11710 Mayer Hoffmann Receivable** – This account is to be used to record receivable from Mayer Hoffman.
- 16100 Microwave Towers** – This account is to be used to record assets purchased that add to or improve the five towers or buildings associated with them.
- 16400 Office Equipment** – This account is to be used to record office equipment such as desks, cabinets, chairs, tables, partitions, etc.
- 10010 Petty Cash** – Balance of amount in petty cash held at each individual location. **Location code is required.**
- 13000 Prepaid Expenses** – This account is to be used for amounts paid in advance of when the actual expense is to be incurred.

**16600 Real Estate and Buildings** – This account is to be used for recording the purchase of buildings or real estate.

**16310 Software** – This account is to be used to record off the shelf software purchased.

**16000 Switch** – This account is to be used to record assets purchased that add to or improve the switches.

**16050 Transmission Equipment** – This account is to be used to record DS3 cards and DACS.

**11770 Travel Advance** – This account is to be used to record travel advances given to Associates.

**16700 Vehicles** – This account is to be used for recording Company owned vehicles.

**12000 Work in Progress** – This account is to be used to record new acquired company's inventory as well as work in progress amounts for the field services and computer business types.

**11902 ZPDI Refunds/Rejects Payable** – This account is to be used to record amounts due ZPDI that we have been notified of but not yet taken from funds.

## **Liabilities (20000-29999)**

- 20600 **401-K payable** – This account is to be used to record the 401k receipts from Associates prior to payment.
- 21000 **Accrued Expenses** – This account is to be used for recording expenses incurred but not billed yet by vendors.
- 23000 **Accrued Interest Payable** – This account is used to record interest expense incurred but not yet paid on all debt.
- 21030 **Accrued Payroll** – This account is used to record, at the end of the year, the amount of pay earned but not paid.
- 21050 **Accrued Payroll Taxes** – This account is used to record, at the end of the year, the amount of payroll taxes owed but not paid.
- 21031 **Accrued Vacation** - This account is used to record, at the end of the year, the amount of vacation earned but not paid.
- 21002 **Accrued ZPDI Billing Fees** – This account is to be used for billing fees incurred but billing not received yet from ZPDI.
- 20010 **AHS Commission Payable** – This account is to be used to reserve commissions due AHS for bad debt reserves.
- 21020 **Cafeteria Plan Payable** – This account is used to record the amount of payroll withholdings for the cafeteria plan not yet paid at the end of the month.
- 20050 **Commissions Payable** – This account is to be used to record commissions incurred but not paid.
- 27900 **Contingent Liability** – This account is to be used for recording an estimate of potential year end expenses.
- 20700 **Customer Deposits** – This account is to be used for deposits received from customers.
- 24000 **Deferred Revenue** – This account is to be used to record that revenue that has been billed but not yet earned by the Company, but will be earned within a 12 month period.
- 20100 **Federal Excise Taxes Payable** – This account is to be used to record all Federal excise taxes.
- 22030 **Federal PIC C Charges** – This account is to be used to record the Federal PIC C charges collected from customers not yet paid to the federal agency.
- 22010 **Federal Universal Service Fund** – This account is to be used to record the Federal USF charges collected from customers but not yet paid to the government.
- 21040 **Garnishments Payable** – This account is used to record the amount of garnishments withheld not yet remitted to the courts.
- 21011 **Health Insurance Payable** – This account is to be used for recording Blue Cross/Blue Shield insurance entries.
- 20070 **Income Taxes Payable Federal** – This account is to be used to record Federal income taxes payable. All amounts in this account need to be approved by the Tax Manager.
- 20071 **Income Taxes Payable State** - This account is to be used to record State income taxes payable. All amounts in this account need to be approved by the Tax Manager.
- 26002 **Intercompany CT** – This account is to be used for intercompany charges and should balance with its proper contra-account.

Last updated 03/04/2002



- 26005 **Intercompany ECC** – This account is to be used for intercompany charges and should balance with its proper contra-account.
- 26004 **Intercompany KDL** – This account is to be used for intercompany charges and should balance with its proper contra-account.
- 26003 **Intercompany QCC** – This account is to be used for intercompany charges and should balance with its proper contra-account.
- 26001 **Intercompany Q-Comm** – This account is to be used for intercompany charges and should balance with its proper contra-account.
- 26000 **Intercompany Transmission** – This account is to be used to record the intercompany transmission charges and discounts.
- 25000 **Line Of Credit** – This account is to be used to record the activity in the Company's line of credit account.
- 27000 **Litigation Payable** – This account is to be used for recording estimates of potential and probable litigation claims.
- 29010 **Long Term Debt** - This account is to be used to record all term debt due banks and individuals that will not be paid down within a 12 month period.
- 24010 **Long Term Deferred Revenue** - This account is to be used to record that revenue that has been billed but will not be earned by the Company within 12 months.
- 21060 **MCI Dispute** – This account is used to record the MCI transmission disputes.
- 29000 **Notes Payable** – This account is to be used to record the current portion of all term debt due banks and individuals that will be paid within a 12 month period.
- 21010 **Other Group Insurance Payable** – This account is to be used for recording insurance entries.
- 22040 **Pay phone Charges** – This account is to be used to record Pay phone charges collected from customers not yet paid to the federal agency.
- 20500 **Reseller Payable** – This account is to be used to record cash owed on resellers' customers.
- 20101 **State and Local Sales Taxes Payable** – This account is to be used to record all State and Local sales taxes.
- 22020 **State Universal Service Fund** – This account is to be used to record the State USF charges collected from customers but not yet paid to the government.
- 21001 **Transmission Accrual** – This account is to be used for recording the estimation of transmission bills to the end of the month.
- 20400 **Transmission Payable** – This is a clearing account to be used to hold 1+ transmission costs.
- 20501 **Unbundled Revenue Payable Other** – This account is to be used to record cash received on unbundled accounts.

## **Stockholders' Equity (30000-39999)**

**32000 Additional Paid-in Capital** – This account is to be used to record cash received by the Company in excess of the par value of common stock issued.

**30000 Capital Stock** – This account is to be used to record the par value of all common stock issued.

**34000 Preferred Stock** – This account is to be used to record preferred Stock.

**35000 Retained Earnings** – This account is to be used to record prior year earnings or deficits.

**33000 Treasury Stock** – This account is to be used to record the re-purchase of Company stock.

## **Revenue (40000-49999)**

- 44600 Advertising Services** – This account is to be used for advertising sales under the internet commercial business type including revenue shares.
- 41300 Billing Adjustments** – This account is used for credits issued to customers because they were charged the wrong sales amount **only**.
- 41200 Clearing House Adjustments** – This account is to be used for upfront rejects and unbillables issued by HOLD and ZPDI.
- 43100 Debit Card** – This account is to be used for the debit card business type.
- 49200 Equipment** – This account is to be used for field service equipment, repair service and moves, adds and changes as well as internet commercial business types.
- 44200 Hosting Services** – This account is to be used for hosting revenue generated in the commercial internet business type.
- 49400 Installation** – This account is to be used for installation revenue generated in all business types.
- 44150 Internet Commercial** - This account is to be used for Internet revenue generated by dialup for commercial business types.
- 44100 Internet Residential** – This account is to be used for Internet revenue generated by dialup for residential business types.
- 41110 IRU revenue** – Indefeasible right of way use of KDL fiber. (AT&T)
- 49300 Labor** – This account is to be used for field service business types.
- 49100 Maintenance Contract** – This account is to be used for all business types that offer maintenance contracts.
- 48100 Paging** – This account is to be used for paging business type.
- 47000 Private line** – This account is to be used for private line business type.
- 42000 Reciprocal Revenue** – This account is to be used for Bellsouth and Ameritech local reciprocal revenue.
- 41120 Recurring** – This account is to be used for local on-net business types.
- 46100 Rent** – This account is to be used for any equipment or facility business type that we lease.
- 41100 Service fees** – This account is to be used for minimum usage fees and directory listings related to local, one plus box, card comm, and voice mail.
- 44800 Technology Consulting** – This account is to be used for development, programming and consulting services for the commercial internet business type.
- 41000 Toll** -This account is to be used for the following business types: local, one plus switched, dedicated, box, hotel and residential, all 800 services, travel card, card comm, zero plus, fiber and telephony.
- 44900 Training** – This account is to be used for field service and internet business types.

## **Cost of Sales (50000-59999)**

- 54110 Access** – This account is to be used for all business types. This is always based on minutes of use. (i.e. feature groups, FGB, FGD)
- 51850 Advertising Services** – This account is to be used to record advertising cost related to direct sales efforts for all business types including revenue shares.
- 51200 Clearing House Processing Fees** – This account is to be used for fees paid to Hold, ZPDI or any other outside billing service.
- 51800 Credit Card Merchant** – This account is for recording any credit card fees incurred across all business types.
- 51250 Customer Inquiry** – This account is to be used for customer inquiry fees charged by ZPDI, HOLD or any other outside billing service.
- 51400 Customer Refunds** – This account is to be used for credits issued to customers as a courtesy to satisfy the customer. These credits are usually issued because the Company made a mistake with how a customer was treated.
- 54000 Dialup Installation Kits** – This account is to be used to record all costs associated with preparation of internet installation kits (i.e. compact discs, packaging, instructions, etc.).
- 54100 Dialup Lines** – This account is to be used for internet business types.
- 54300 Equipment** – This account is to be used for field service equipment and infrastructure to provide service for all other business types.
- 54130 Facility** – This account is to be used for fixed recurring charges for all business types (i.e. IP telephony, facility-based local).
- 50800 Installation** – This account is to be used for all non-recurring charges incurred in the course of business with local, one plus and 800 services.
- 54800 Internet Content Services** – This account is to be used for content service charges (i.e. weather services) for internet business types.
- 53200 Lamination** – This account is to be used for recording lamination costs associated with debit card production.
- 51600 LEC Account Maintenance Fee** – This account is for maintenance fees issued by the LECs. On-line PIC'ing charges.
- 51220 LEC Bad Debt** – This account is to be used for bad debts charged by the LECs.
- 51215 LEC Conversion Fee** – This account is to be used for one time switch over fees assessed by the LECs.
- 51210 LEC Processing** – This account is to be used for processing fees incurred from the LECs.
- 51240 LEC Rejects** – This account is to be used for rejects charged by the LECs.
- 51230 LEC Unbillables** – This account is to be used for unbillables charged by the LECs.
- 52000 Maintenance** – This account is used for recording property maintenance fees related to the zero plus business type, internet maintenance agreements and fiber maintenance.
- 51730 OSP Automated Operator Charge** – This account is used for recording automated operator charges for the zero plus business type.

- 51740 **OSP Bong Charge** – This account is used for recording processing bong charges for the zero plus business type.
- 51720 **OSP Live Operator Charge** – This account is used for recording live operator charges for the zero plus business type.
- 51710 **OSP Processing** – This account is used for recording processing charges for the zero plus business type.
- 51700 **OSP Transmission** – This account is for recording Teltrust fees in relation to the zero plus business type.
- 51750 **OSP Validation** – This account is used for recording validation charges for the zero plus business type.
- 51120 **Recurring** – This account is to be used for on-net local costs.
- 54910 **Referral fee** – This account is to be used for referral fees paid to customers.
- 50100 **Rent** – This account is to be used for items that we rent for the sole purpose of serving our customers (i.e. towers, equipment, co-locations with Bellsouth and Ameritech).
- 51020 **Right of Way** – This account is to be used for fiber right of way costs.
- 51900 **Room Advance** – This account is for recording advances paid to agents for zero plus properties brought to the Company.
- 54400 **Software** – This account is to be used for internet business types where we purchase off the shelf software and resell it.
- 51000 **Transmission and Line Charges** – This account is to be used for all on-going charges whether variable or fixed for all business types unless otherwise described as recurring, usage, access, transport, facility or dialup costs.
- 54120 **Transport** – This account is to be used for all business types. This is off net point to point fixed cost (i.e. private line, T1's).
- 51130 **Usage** – This account is to be used for on-net local costs.

## **General and Administrative Costs (60000-69999)**

- 60730 **401-K Contributions** – This account will be used to record the Company's portion of the 401k contribution as well as all plan expenses associated with the 401k.
- 69300 **Accounting Fees** – This account is to be used to record all audit, consulting and tax preparation fees incurred from the Company's CPA firm.
- 61600 **Airplane** – This account will be used to record all costs associated with the operation of the Company airplane (i.e. insurance, fuel, repairs, pilots, hangar rent).
- 68100 **Bad Debt Expense** – This account is to be used to record those customers that will be written off because of lack of payment. This account is not to be used to write off disputed balances.
- 68200 **Bad Debt Recovery** – This account is to be used to record collections received from customers previously written off.
- 63200 **Bank Charges** – This account is to be used for all monthly bank charges, loan commitment fees and other bank related charges.
- 60110 **Commissions** – This account is to be used for commissions paid to employees as well as agents.
- 69400 **Consulting Fees** – This account is to be used to record all consulting fees (i.e. Doug Dawson, Technologies Management, etc.).
- 63500 **Contributions** – This account is to be used to record charitable donations.
- 61300 **Entertainment** – This account will be used to record all expenses incurred when associates are entertaining vendors or customers.
- 64000 **Equipment Rent** – This account is to be used to record rent payments on equipment (i.e. copiers, computers, etc.).
- 64100 **Express Mail** – This account is to be used to record all Federal Express, UPS and other overnight carrier charges.
- 64200 **Fleet Expenses** – This account is to be used to record all automobile expenses, which include lease payments, fuel, repairs, etc.
- 64400 **General Insurance** – This account is to be used to record all insurance expenses except for those that relate to associates like health and workers compensation. All bonding costs should be recorded here as well.
- 60710 **Group Insurance** – This account will be used to record group health and life insurance for all associates.
- 69200 **Legal Fees** – This account is to be used to record all lawyer fees.
- 64600 **Licenses and Fees** – This account is to be used to record secretary of state fees, public utility commission fees, franchise fees and other expenses authorized by the tax manager.
- 65000 **Maintenance and Repairs** – This account is to be used to record all maintenance, repair, service and software agreements incurred to the buildings, equipment and software. Janitorial supplies (i.e. toilet paper, floor cleaner, paint, etc.) and services should be recorded here as well.
- 60740 **Moving** – This account will be used to record expenses incurred by the Company to move an associate from one town to another.
- 66000 **Office Supplies** – This account is to be used for office supplies (i.e. pens, pencils, paper, letterhead, coffee, and other disposable items).

- 63400 **Outside Services** – This account is to be used for outside firm services (i.e. Regulus, head hunters, collection agencies, payroll processing fees, etc.).
- 60500 **Payroll Taxes** – This account will be used for payroll taxes and will be used exclusively by the payroll department.
- 66400 **Penalties** – This account is to be used for penalties paid to taxing authorities.
- 66600 **Postage** – This account is to be used to record postage machine usage.
- 65340 **Property Taxes** – This account is to be used for taxes that are assessed on the Company's assets.
- 65310 **Rent** – This account is to be used for rent paid on the buildings.
- 60100 **Salaries** – This account is used by all departments for their respective salaries.
- 60200 **Sales Incentive** – This account is used to record spiffs.
- 67000 **Small Office Equipment** – This account is to be used for small equipment purchased such as telephones, calculators, bookcases, chairs and desks. All equipment less than \$2,000 is expensed to this account.
- 63800 **Subscriptions** – This account is to be used for all magazine subscriptions as well as organization membership fees.
- 67200 **Technical Supplies** – This account is to be used for any technical supplies that is used to do your job technically and all computer supplies as well as computer equipment that is less than \$2,000 (i.e. test equipment, lata maps).
- 67400 **Telephone** – This account is to be used to record all internal Company telephone transmission expenses only. All telephone equipment expense less than \$2,000 for any one item should be expensed to Small Office Equipment.
- 67600 **Temporary Help** – This account is to be used to record the expenses of people employed through temporary agencies.
- 67800 **Training and Seminars** – This account is to be used to record all training and seminar expenses.
- 61500 **Travel** – This account will be used to record all travel expenses incurred by associates while on Company business (i.e. Airfare, lodging, rental cars, taxis, parking, meals (which include meals with other associates of the Company), mileage reimbursement, and telephone).
- 65320 **Utilities** – This account is to be used for utilities.
- 60720 **Workmen's Compensation Insurance** – This account will be used to record worker compensation insurance premiums.

## **Other Income/Expense (70000-79999)**

- 76100 **Commission Income** – This account is to record amounts earned on a commission basis.
- 77000 **Contingency Expense** – This account is to be used to record a contingency reserve.
- 75000 **Corporate Management Fee** – This account is to be used to record Q-Comm Corporation's management fee to its subsidiaries.
- 70000 **Depreciation** – This account is to be used to record all depreciation expenses.
- 76300 **Discounts Taken** – This account is to record amounts earned by paying invoices early.
- 79000 **Federal Income Taxes** – This account is to be used to record federal Income tax expense. The Tax Manager must approve all entries recorded to this account.
- 76000 **Gain or Loss on Sale of Assets** – This account is to be used to record the gain or loss on the sale of fixed assets.
- 73000 **Interest Expense** – This account is to be used to record interest expenses incurred on loans.
- 74000 **Interest Income** – This account is to be used to record finance charges imposed on customers.
- 76900 **Other Income** – This account is to be used to record extraordinary items into income (i.e. Insurance settlements). Items must be approved by the CFO.
- 79001 **State Income Taxes** – This account is to be used to record State Income Tax expense. The Tax Manager must approve all entries recorded to this account.
- 76400 **Unbundled Fee Income** – This account is to be used to recorded fees earned by processing other companies call records.